

AUDIT COMMITTEE CHARTER

I. PURPOSE

The Board of Directors (“Board”) is the ultimate corporate governance body of Spirit Finance Corporation, a Maryland corporation (the “Corporation”). As such, the Board is charged with overseeing all material aspects of the Corporation’s operations. To assist the Board in performing its oversight role, and to help the Board meet its fiduciary duties to the shareholders of the Corporation, the Board has created an Audit Committee. For its part, the Audit Committee is charged with assisting the Board in monitoring (1) the integrity of the Corporation’s financial statements, (2) the Corporation’s compliance with legal and regulatory requirements, (3) the independent auditor’s qualifications and independence, (4) the performance of the Corporation’s internal audit function and independent auditors, and (5) such other duties as directed by the Board.

The Audit Committee members may not be professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent auditor. The Audit Committee serves a board level oversight role, in which it provides advice and counsel to management and the auditors on the basis of the information it receives, discussions with management and the auditors and the experience of the Audit Committee’s members in business, financial and accounting matters.

II. MEMBERSHIP

On or immediately before the initial filing of the Corporation’s registration statement with the Securities and Exchange Commission (the “Commission”) the Audit Committee shall consist of at least three members, and prior to that time the Audit Committee shall consist of at least two members. Each such member shall meet the independence and experience requirements of the New York Stock Exchange (“NYSE”), The NASDAQ Stock Market, Inc. (“NASDAQ”), Section 10A of the Securities Exchange Act of 1934 and the rules and regulations of the Commission. All members of the Audit Committee shall have a requisite working familiarity with basic finance and accounting practices in compliance with the applicable rules of the Commission and the NYSE and NASDAQ. At least one member of the Audit Committee shall be an “audit committee financial expert” as defined by the Commission. No member of the Audit Committee shall simultaneously serve on the audit committees of more than two other public companies.

III. STRUCTURE

The Audit Committee members shall be appointed by the Board, and, in making its decision, the Board should consider the recommendation of the Nominating and Governance Committee. Each appointment shall be for a term of one year and the members shall serve until the member’s successor is duly elected and qualified, but the Board may remove Audit Committee members at any time by Board action.

The Board shall elect a chairperson annually, who shall create the agenda for Committee meetings and otherwise preside over Committee meetings. The chairperson may require officers

and employees of the Corporation or the Corporation's outside counsel or independent or internal auditors to attend or participate in Audit Committee meetings as appropriate.

IV. MEETINGS

The Audit Committee shall meet at least four times per year, and shall also meet prior to each time the Corporation intends to issue a press release with its quarterly or annual earnings information. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require. Members of the Audit Committee may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting. The Audit Committee may also take action without a meeting, if a consent in writing to such action is signed by each member of the Audit Committee, or each member grants electronic consent, and such written or electronic consent is filed with the minutes of proceedings of the Audit Committee.

The Audit Committee may ask members of management or others to attend the meetings and provide pertinent information as needed. Minutes of all meetings shall be recorded and maintained by the Audit Committee. If deemed necessary by the Audit Committee to comply with the procedures established by the Audit Committee for handling complaints regarding accounting matters or matters under the Corporation's whistleblower policy, any identifying information transcribed in the minutes of the Audit Committee meeting delivered to persons in connection with the complaint shall be redacted.

V. QUORUM

A majority of the appointed Audit Committee members shall constitute a quorum and shall be able to conduct the Audit Committee's business.

VI. RESPONSIBILITIES

At any time during the year, the Audit Committee shall be authorized to hire outside counsel or other consultants and advisers as necessary, and receive appropriate funding for compensation of such consultants and advisers. The Audit Committee shall review and concur in the appointment, replacement, reassignment, or dismissal of the internal auditors. Further, the Audit Committee shall also review and evaluate the performance of the independent auditors and review with the full Board any proposed discharge of the independent auditors. The Audit Committee shall directly appoint, retain, compensate, evaluate and terminate the independent auditor and have the sole authority to approve all audit engagement fees and terms.

In accordance with the Audit Committee's purpose, the Audit Committee shall perform the following to the extent applicable:

Audit & Review Function

- Ensure that the Corporation has an internal audit function, which function may be performed by an outside firm or internally within the Corporation.

- Conduct executive sessions separately and periodically with the independent auditors, chief executive officer, chief financial officer, internal auditors, counsel to the Corporation, controller, and anyone else as desired by the Audit Committee.
- Evaluate the independent auditors and internal auditors.
- Annually review and discuss with management and the independent auditors separately all critical accounting policies and practices used by the Corporation including but not limited to:
 - The Corporation's income and expense recognition policies for major revenue and expense categories; and
 - All material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Corporation, the ramifications of each material alternative, and the treatment preferred by the Corporation.
- Review with the independent auditor, the Chief Financial Officer and the controller of the Corporation, and the internal auditors, the audit scope and plan of the internal auditors and the independent auditors. Address the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- Review with the independent auditors and the internal auditors:
 - The adequacy of the Corporation's internal controls including computerized information system controls and security; and
 - Any related significant findings and recommendations of the independent auditors and internal auditors together with management's responses thereto.
- Review with management, the independent auditors, and the internal auditors, the interim annual financial report before it is filed with the Commission or other regulators.
- Review all material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
- Ascertain that the lead (or concurring) audit partner from any public accounting firms performing audit services, serves in that capacity for no more than five fiscal years of the Corporation. In addition, ascertain that any partner other than the lead or concurring partner serves no more than seven years at the partner level on the Corporation's audit.
- Review with management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the internal auditor or the independent auditors.

- Consider, with management, the rationale for employing audit firms other than the principal independent auditors.
- Review the engagement and performance of accounting firms providing functions which may not be performed by the Corporation's independent auditors.
- Review with management and the internal auditors:
 - Significant findings on internal audits during the year and management's response thereto;
 - Any difficulties the internal audit team encountered in the course of their audits, including any restrictions on the scope of their work or access to required information;
 - Any changes required in the scope of their internal audit;
 - The internal auditing department budget and staffing;
 - The planned internal audit function; and
 - Internal auditor's compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
- Set clear hiring policies for employees or former employees of the independent auditors.
- Ensure that the independent auditor submits on a periodic basis to the Audit Committee a formal written statement delineating all relationships between the independent auditor and the Corporation, consistent with Independence Standards Board Standard 1, and that the Audit Committee is responsible for actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and for recommending that the Board take appropriate action in response to the independent auditors' report to satisfy itself of the independent auditors' independence.
- Conduct an appropriate review of all material related party transactions for potential conflict of interest situations on an ongoing basis. All such transactions shall be approved by the Audit Committee.
 - Approve all material transactions with Spirit Management Company.
 - Review and approve the organizational structure of any entities owned by the corporation using an "UPREIT" or "umbrella partnership real estate investment trust" or a similar structure such as a "DOWN REIT."

Financial Reporting and Disclosure Function

- Review with management and the independent auditors:
 - The Corporation's annual audited financial statements and quarterly financial statements, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
 - The independent auditors' audit of the financial statements and their report thereon;
 - The independent auditors' judgments about the quality, not just the acceptability, of the Corporation's accounting principles as applied in its financial reporting;
 - Any significant changes required in the independent auditors' audit plan;
 - Any serious difficulties or disputes with management encountered during the audit; and
 - Matters required by Statement on Auditing Standards No. 61, *Communication With Audit Committees* (AICPA, *Professional Standards*, vol. 1, AU sec.380), as amended, related to the conduct of the audit.
- Review with counsel to the Corporation and the internal auditors legal and regulatory matters and reports received from regulators that, in the opinion of management, may have a material impact on the Corporation's financial statements and related Corporation compliance policies and programs.
- Oversee the preparation of an annual report of the Audit Committee as required by the rules of the SEC and the annual affirmation required by the appropriate listing exchange, if necessary. When required by SEC rules, include in the annual Proxy Statement for the Corporation a report of the Audit Committee in accordance with the Proxy Rules promulgated by the SEC.
- Inquire of the CEO and CFO regarding the "quality of earnings" of the Corporation from a subjective as well as an objective standpoint.
- Review and discuss the Company's earnings press releases (particularly the use of "pro forma", or non-GAAP, information) and any financial information or earnings guidance provided to analysts and ratings agencies.
- Review with management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures and securitization structures, if any.

Risk Management Function

- Inquire of management, the internal auditors, and the independent auditors about significant risks or exposures facing the Corporation; assess the steps management has taken or proposes to take to minimize such risks to the Corporation; and periodically review compliance with such steps.
- Establish and review the procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting controls, internal accounting controls, or auditing matters or matters under the Corporation's whistleblower policy that may be submitted by any party internal or external to the organization including, but not limited to:
 - Establish and review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters.
 - Establish and review procedures for the submission by external parties of concerns regarding questionable accounting or auditing matters.
 - Establish and review the procedures for the receipt, retention, and treatment of complaints received by the Corporation with regards to the Corporation's whistleblower policy.
 - Review any complaints or submissions that might have been received, current status, and resolution if one has been reached.
- Periodically review the Corporation's code of conduct to ensure that it is adequate and up-to-date.
 - Review with the internal auditors and the Corporation's counsel the results of their review of the monitoring of compliance with the Corporation's code of conduct.
 - Review the administration of the Corporation's code of conduct.
 - Approve any waivers of the Corporation's code of conduct.

General Functions

- Review and evaluate the Audit Committee's performance and effectiveness.
- Report regularly to the Board.
- Respond to all inquiries made by the Lead Independent Director of the Board.

- Review the Audit Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the board of directors. Consider changes that are necessary as a result of new laws or regulations.
- Create an agenda for the ensuing year or review and approve the agenda submitted by the internal auditors.
- The Audit Committee will perform such other functions as assigned by law, the Corporation's charter or bylaws, or the board of directors.

VII. LIMITATION OF AUDIT COMMITTEE ROLE

While the Audit Committee has the responsibility and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits, to certify the Corporation's financial statements, to conduct investigations, or to assure the Corporation's compliance with laws and regulations or internal policies, procedures and controls. Management is responsible for determining that the Corporation's financial statements are complete, accurate and prepared in accordance with GAAP and that the Corporation is in compliance with laws and regulations. The independent accountants are responsible for auditing the Corporation's financial statements.